1.0 PURPOSE AND NEED

1.1 INTRODUCTION

1.1.1 Description and Location

Anadarko Petroleum Corporation (APC) and Warren E & P, Inc. have submitted notification to the Bureau of Land Management (BLM) Rawlins Field Office (RFO) that they would like to explore and produce coalbed natural gas (CBNG) reserves in the 3,692-acre Brown Cow II Project Area (BCII PA). This proposal arises from interim exploration to determine the presence and extent of CBNG within the Atlantic Rim Project Area (ARPA) for which an Environmental Impact Statement (EIS) is being concurrently prepared by the RFO. The BCII PA is located in Carbon County and is approximately 7.5 miles north of the Town of Baggs, just east of State Highway (SH) 789 (Figure 1-1). The Project Area is entirely located on Federal sections administered by the RFO.

This project would consist of constructing, drilling, completing, testing, and operating 12 new CBNG wells. Ancillary facilities connected to the project include access roads, utilities, flowlines, and production facility.

1.2 PURPOSE AND NEED FOR ACTION

1.2.1 Purpose and Need for the Proposed Project

The purpose of the Proposed Action is to exercise the Operator's valid lease rights and extract CBNG as part of an ongoing effort to determine if the ARPA contains marketable quantities of this natural resource. The implementation of the proposed project would accomplish the following:

- Contribute natural gas to the national market;
- Reduce national dependence on potentially unstable foreign sources of energy;
- Contribute to the national supply of a clean-burning fuel;
- Allow the Operators to develop natural gas pursuant to their rights under existing oil and gas leases granted by the BLM and the State of Wyoming;
- Development of the 12 wells would bring the total number of active wells in the Brown Cow Project Area to 24. This would represent full development (24 wells) within this Project Area, as specified in the Atlantic Rim Interim Drilling Plan; and
- Reduce leaseholder hardship during preparation of the Atlantic Rim EIS.

Natural gas is an integral part of the United States energy future due to its availability from domestic sources and the presence of an existing market delivery infrastructure. The proposed project is also needed for the following reasons:

- Natural gas production would result in the generation of Federal and State tax and royalty revenues;
- Developing the gas resources would support local economies by providing and maintaining employment opportunities and expanding the tax base; and
- The environmental advantages of natural gas use for energy versus other conventional fuels are emphasized in the 1990 Clean Air Act (42 USC 7671 *et seq*).

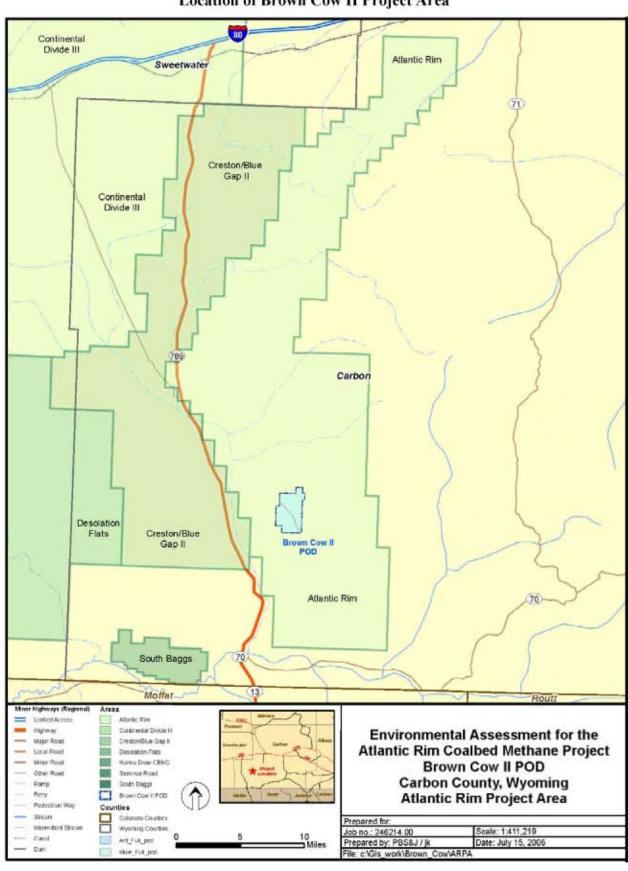


Figure 1-1 Location of Brown Cow II Project Area

1.2.2 Environmental Analysis Process

The BLM is required to prepare this Environmental Assessment (EA) to analyze and determine whether any significant impacts may occur in connection with the Proposed Action, as stipulated in the National Environmental Policy Act (NEPA). This EA documents the analyses conducted on the proposal and alternatives to identify environmental effects and mitigation measures. In addition, this document is utilized for public review and comment on the Proposed Action, the environmental analysis, and mitigation measures.

Factors considered during the environmental analysis for this Proposed Action include the following:

- A determination of whether the proposal and alternatives conform to BLM policies, regulations, and the direction approved in the Great Divide Resource Management Plan (RMP).
- A determination of whether the proposal and alternatives conform to policies and regulations of other agencies that are likely to be associated with the project.
- A determination of well pad locations, access roads, pipelines, and ancillary facilities that meet resource management objectives and minimize impacts to surface resources.
- A determination of impacts on the human environment that may result from the Proposed Action and development of mitigation measures necessary to avoid or minimize potential impacts.

1.3 RELATIONSHIP TO POLICIES, PLANS, AND PROGRAMS

This EA is prepared in accordance with NEPA and complies with all applicable regulations and laws passed subsequent to the Act. In addition, this EA is prepared utilizing the stipulations and format outlined in the BLM NEPA Handbook (H-1790-1).

1.3.1 Conformance with Great Divide Resource Management Plan

The Great Divide RMP and Record of Decision (ROD) (BLM 1987, 1988, 1990) direct management of the RFO-administered lands within the BCII PA. As stated in the RMP, oil and gas development on BLM-administered lands consists of leasing, exploration, and development of these resources while ensuring the protection of other resource values. As stipulated in the RMP, all BLM oil and gas leases are subject to site-specific conditions of approval (COAs) attached to applications for permits to drill (APDs).

1.3.2 Relationship to Other Plans and Documents

The proposed project conforms to the State of Wyoming Land Use Plan (Wyoming State Land Use Commission 1979) and the Carbon County Land Use Plan (Pederson Planning Consultants 1997, 1998) and would comply with all relevant Federal, State, and local regulations. In addition, development of this project would not affect attainment of the Wyoming Standards for Healthy Rangelands, produced in August 1977 then updated in May 2003 (BLM 2003).

1.3.3 Issues and Concerns

The following environmental, social, and management issues associated with the BCII PA have been identified:

Water Resources

1. Groundwater resources could be affected by energy development in the BCII PA.

Wildlife Resources

- 1. Greater sage grouse leks and nesting sites may be affected by surface disturbance, vehicle traffic, and human presence.
- 2. Crucial winter range for mule deer may be affected by project activities.
- 3. Nesting raptors could be affected within the BCII PA.
- 4. Potential mountain plover habitat may be affected within the BCII PA.

Rangeland and Livestock Grazing

1. Protecting quality rangeland is a management concern in the BCII PA.

Soil Resources

1. Soils could be affected within the BCII PA.

Cultural Resources

- 1. Impacts to cultural resources are a concern in the BCII PA.
- 2. Impacts to historic trails are a concern in the BCII PA.

Other Issues

- 1. Cumulative impacts to natural resources are an issue in the ARPA.
- 2. Impacts to air quality are an issue in the ARPA.
- 3. Noxious weeds are a concern in the BCII PA.

Mitigation

- 1. Use of proper Best Management Practices (BMPs) during construction is required.
- 2. Reclamation of all disturbed areas is a management concern.
- 3. Surface disturbance is not recommended on slopes in excess of 25%.
- 4. All disturbed areas will be reseeded with the BLM recommended seed mixture.
- 5. Noxious weed infestation will be monitored on disturbed sites.